

REMARKS

Claims 1-72 remain pending in this application. Claims 1, 11, 19, 30, 41, 53, 60, 61, and 70 are independent. Claims 1-15, 17-36, 38-47, 50-55, 57, 59-64, and 66-72 have been amended, and no claims have been added or canceled by this Amendment.

No new matter is involved with any claim amendment, as support may be found throughout the originally filed specification, for example at paragraph [010].

I. Statutory Subject Matter Rejection Under 35 U.S.C. § 101

Withdrawal of the rejection of claims 1 and 70 under 35 U.S.C. 101 as allegedly being directed to statutory subject matter is respectfully requested.

The pending independent claims and various other dependent claims have been amended to recite that the method/system are implemented using a particular computerized and networked system. As is known in the art, Electronic Communications Networks, or ECNs, are electronic trading systems that automatically match buy and sell orders at specified prices. ECNs register with the SEC as broker-dealers.¹

Accordingly, withdrawal of the non-statutory subject matter rejection and reconsideration of the pending claims are respectfully requested.

II. Unpatentability Rejection over Annunziata

Withdrawal of the rejection of claims 1-6, 9-27, 29-36, 38-48, 50-57, 59-61 and 63-72 under 35 U.S.C. §103(a) as allegedly being unpatentable over Annunziata (US 2001/0034688) is requested. The Examiner has failed to make a *prima facie* case of unpatentability.

At the outset, Applicant notes that, to establish a *prima facie* case of obviousness, three basic criteria offer useful insights. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference must teach or suggest all the

¹ See, e.g., <http://www.sec.gov/answers/ecn.htm>

claim limitations.² Further, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure.³ The Supreme Court recently held that it is necessary, *inter alia*, for a court to look to interrelated teachings of multiple patents in order to determine whether there was an apparent reason to combine the known elements in the claimed. In this regard, the Court held "[t]o facilitate review, this analysis should be made explicit."⁴ "[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness."⁵

On page 4 of the Official Action, "[t]he Examiner notes that the Annunziata reference does not expressly utilize the term 'creation order'...[but that] the obvious teaching of such is evident in that Annunziata discusses a system and method which is responsible for the creation of commodities, etc. (See at least Annunziata: page 1, paragraphs 0007-0014; page 5, paragraph 0043)."

Applicants contend that Annunziata does not disclose, teach, or suggest use of a "creation order" relating to the creation of commodity shares. Further, applicants traverse the Examiner's mischaracterization of Annunziata with respect to Annunziata being responsible for the "*creation* of commodities, etc," (*emphasis* added). Even assuming, *arguendo*, that the Examiner intended to state that Annunziata is responsible for the creation of commodity *shares*, Applicants traverse this characterization of Annunziata in that the reference completely silent on any mention of shares, trust shares, or commodity shares, as discussed more fully below.

A. Specific Deficiencies of Annunziata with Respect to the Independent Claims

1. Independent Claim 1

Annunziata does not disclose a method for creating shares in a commodity *wherein the commodity shares are processed using an Electronic Communication Network (ECN)*, and wherein the method includes, *inter alia*, "*receiving...a creation order comprising a request to create the commodity shares*; confirming...delivery into an account of an amount of commodity *associated with the commodity shares being requested*; and *releasing, over the ECN, the*

² See MPEP §2143.

³ *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991) and See MPEP §2143.

⁴ *KSR Int'l. Co. v. Teleflex Inc.*, 550 U.S. ____ (2007) (see p. 14).

requested commodity shares based upon the amount of commodity delivered into the account," as recited in independent claim 1, as amended (***emphasis*** added).

For example, Annunziata merely transfers conventional ownership of a commodity via a computerized communications link, but ***Annunziata does not create shares in a commodity or otherwise deal with commodity shares.***

2. Independent Claim 11

Further, Annunziata does not disclose, teach, or suggest a method for creating shares in a commodity, said commodity shares being processed using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "maintaining a computerized account ***designated for the creation of commodity shares; receiving, in the computerized account via the ECN, an amount of the commodity shares representing a physical amount of the commodity being received;*** and sending, via the ECN, a notice acknowledging receipt into the account of the amount of the commodity," as recited in independent claim 11 as amended (***emphasis*** added)..

Again, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not create ***commodity shares*** in a commodity or otherwise deal with shares.

3. Independent Claim 19

Still further, Annunziata does not disclose, teach, or suggest ***a method for creating shares in a commodity***, wherein the commodity shares are processed using an Electronic Communication Network (ECN), and wherein the method includes, *inter alia*, "***receiving, via the ECN, a creation order comprising a request to create the commodity shares; physically delivering, into a designated account, an amount of the commodity associated with the requested commodity shares; and receiving, via the ECN, the requested commodity shares,***" as recited in independent claim 19, as amended (***emphasis*** added).

Similarly, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not create ***shares*** in a commodity.

⁵ See *Id.*, citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006).

4. Independent Claim 30

In addition, Annunziata does not disclose, teach, or suggest *a method for redeeming shares in a commodity* using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "*receiving, via the ECN, a redemption order comprising a request to redeem an amount of commodity shares associated with an amount of the commodity held in an account; receiving the amount of the commodity shares via the ECN; and releasing, from the account, a physical amount of the commodity associated with the amount of the commodity shares received,*" as recited in independent claim 30, amended.

Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not redeem or otherwise deal with *shares* in a commodity, and particularly does not release, from the account, the amount of the commodity *associated with the commodity shares* received.

5. Independent Claim 41

Still further, Annunziata does not disclose, teach, or suggest *a method for redeeming commodity shares in a commodity* using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "*maintaining an account designated for the redemption of the commodity shares in a system accessible by the ECN; holding a physical amount of a commodity in the account associated with an amount of commodity shares to be redeemed; receiving, via the ECN, release instructions to release the amount of the commodity from the account; releasing the physical amount of the commodity from the account; and adjusting a remaining portion of commodity shares in the account to account for the physical release of the commodity,*" as recited in independent claim 41 as amended (*emphasis* added)..

Similarly, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not hold an amount of the commodity in an account associated with an amount of commodity shares to be redeemed, and does not adjust a remaining portion of commodity shares in the account to account for the physical release of the commodity.

6. Independent Claim 53

Still further, Annunziata does not disclose, teach, or suggest *a method for redeeming shares in a commodity* using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "*submitting a redemption order comprising a request to redeem an amount of commodity shares via the ECN; delivering the amount of commodity shares to be redeemed via the ECN*; and physically receiving an amount of the commodity *associated with the amount of commodity shares delivered*," as recited in independent claim 53, as amended (*emphasis added*)..

Again, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not hold an amount of the commodity in the account associated with an amount of commodity shares to be redeemed, nor does Annunziata release the amount of the commodity from the account.

7. Independent Claim 60

Furthermore, Annunziata does not disclose, teach, or suggest *a method for redeeming commodity shares in a commodity* using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "*submitting a redemption order comprising a request to redeem an amount of commodity shares via the ECN; delivering the amount of commodity shares to be redeemed via the ECN*; and receiving an amount of cash from the sale of the amount of commodity *associated with the amount of commodity shares delivered*," as recited in independent claim 60, as amended (*emphasis added*)..

To reiterate, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not redeem or deliver *shares* in a commodity, nor does Annunziata receive cash from the sale of the commodity associated with the commodity shares.

8. Independent Claim 61

Penultimately, Annunziata does not disclose, teach, or suggest *a method for securitizing a commodity* using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "*receiving a deposit of a physical amount of a commodity; holding said physical*

amount of the commodity in a trust; and issuing a number of commodity trust shares corresponding to said physical amount of the deposited commodity," as recited in independent claim 61, as amended (*emphasis* added)..

As previously discussed, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but *Annunziata does not involve or even mention the use of a trust or trust assets*, particularly holding an amount of a commodity in a trust, and even more particularly, Annunziata does not disclose issuing *shares* corresponding to the amount of a commodity.

9. Independent Claim 70

Finally, Annunziata does not disclose, teach, or suggest *a commodity trust system* which includes, *inter alia*, "an Electronic Communication Network (ECN); *a commodity trust*, wherein said commodity trust holds a physical amount of a commodity, a trustee to administer said commodity trust, and *a number of commodity trust shares corresponding to said amount of a physical commodity, wherein said number of commodity trust shares are processed and accounted for in a computer system having an interface with the ECN,*" as recited in independent claim 70 as amended (*emphasis* added).

As previously discussed, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but does not involve or even mention the use of a trust, a trust system, trust assets, or a trustee to administer a commodity trust. Furthermore, Annunziata does not disclose holding an amount of a commodity in a trust, and even more particularly, Annunziata does not disclose issuing *shares* corresponding to the amount of a commodity.

Accordingly, since Annunziata does not teach or suggest all the claimed limitations, reconsideration and allowance of independent claims 1, 11, 19, 30, 41, 53, 60, 61, and 70 are respectfully requested. In addition, dependent claims 2-10, 12-18, 20-29, 31-40, 42-52, 54-59, 62-69, and 71-72 variously and ultimately depend from these patentable independent claims, and are submitted as being allowable at least on that basis, without further recourse to the patentable features recited therein.

B. Discussion of Annunziata

Annunziata merely transfers conventional ownership of a commodity via a computerized communications link, but does not create *commodity shares or trust shares* in a commodity, or otherwise deal with commodity shares or commodity trust shares. *Annunziata is completely silent of any use of commodity shares, a trust, a trust system, trust assets, or a trustee to administer a commodity trust or foreign currency trust.* Furthermore, Annunziata does not disclose holding an amount of a commodity in a trust, and even more particularly, Annunziata does not disclose issuing *shares* corresponding to the amount of a commodity.

Applicants reiterate that Annunziata is merely directed to a computer-implemented system for *transferring* ownership of commodities via a communications link, wherein a database is used that contains open bids and offers currently available for trading that have been submitted by other users of the system (see Annunziata at ¶ [0029]).

C. Background Discussion of Applicants' Disclosure

Various aspects and claimed embodiments of Applicants' disclosure are directed to systems and methods for securitizing or Equitizing a commodity by creating commodity shares and, in one aspect, commodity trust shares are created. In various embodiments, shares in a commodity or commodity trust are provided by a Trustee for a particular commodity. In one claimed embodiment, commodity shares are backed by the Trustee's custody of the actual commodity. For example, commodity shares are created and issued when a trust participant deposits an amount of the commodity with the Trustee or a custodian acting on behalf of the trustee. After confirmation of the receipt of the commodity, an amount of commodity shares is issued by the Trustee, which is equal in value to the value of the commodity. The disclosed and claimed invention has applicability to various types of commodities including gold and other precious metals, for example.

Applicants have created a unique, cost-effective, and easy way to equitize a physical commodity. The commodity share price reflects the price of the commodity, less the expenses of operations (e.g., the trust's operations). In paragraph [007] of the Summary discussing one embodiment, for example, the shares in the trust may represent a proportional interest in the trust and/or the commodity held by the trust. Thus, different from conventional approaches,

proportional interests in the commodity may be traded based upon the share price and how the shares were allocated to the underlying physical commodity.

Applicants' commodity shares can be traded on a major securities exchange such as the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or any other exchange or Electronic Communication Network (ECN), thereby creating a robust secondary market for the commodity shares.

In contrast, and with respect to the independent claims asserted as being unpatentable over Annunziata, Applicants point out that Annunziata is directed to a computer-implemented system for *transferring ownership of commodities via a communications link*, wherein a database is used that contains open bids and offers currently available for trading that have been submitted by other users of the system (see Annunziata at ¶ [0029]). Thus, Annunziata merely represents conventional commodity trading implemented by a computerized system and method in which buyers and sellers of a number of units of a commodity at a unit price are matched.

Applicants point out that commodity trading is a relatively specialized activity, requiring access to particular markets, and adherence to unique rules and commodity trading units used in transactions in a variety of different markets. Applicants' approach greatly expands the ability for average investors to safely invest in commodities through commodity shares and/or commodity trusts, and the variously claimed approach is clearly not taught or suggested by Annunziata.

Accordingly, reconsideration and allowance of claims 1-72 are respectfully requested.

III. Unpatentability Rejection over Annunziata in View of Turk

Withdrawal of the rejection of claims 7-8, 28, 37, 49, 58, and 62 under 35 U.S.C. §103(a) as allegedly being unpatentable over Annunziata in view of Turk (US 5,671,364) is requested. The Examiner has failed to make a *prima facie* case of unpatentability. The deficiencies of Annunziata have been discussed above, as have the legal requirements for unpatentability.

The Examiner admits that Annunziata does not disclose, teach, or suggest the following: a method wherein the commodity delivered into the account is gold or gold receipts (claims 7,

28, 37, 49, and 58); a method wherein the value of the shares released is based on the net asset value of the received gold (claim 8); and a method wherein the commodity is gold or another precious metal (claim 62).

A. Discussion of Turk and its Deficiencies

According to the Abstract, Turk is purportedly directed to a method and system for commodity-based currency for payment accounts elimination of payment risk in which gold or other commodities are permitted to circulate as currency, and which requires a network of system users to participate in financial transactions where payment is made in units of gold. The gold is kept in secure storage at a deposit site for the benefit of the users. The payments in gold are effected to a computer system having data storage and transaction processing programs that credit or debit the units of account of gold held for the account of each system user.

Assuming, *arguendo*, that Turk discloses that for which it is offered by the Examiner, i.e., gold being used as the delivered commodity, Turk does not make up for previously-identified deficiencies of Annunziata with respect to the anticipation rejection of independent claims 1, 19, 30, 41, 53, and 61 from which claims 7-8, 28, 37, 49, 58, and 62 variously depend. Specifically, ***Turk does not disclose, teach, or suggest creation or use of commodity shares or commodity trust accounts with gold as the underlying commodity.***

Turk merely represents the conventional physical transfer of gold, with the added features that the gold is kept in a centralized secure storage for the benefit of the users, and for which a computer-implemented bookkeeping system is implemented.

Accordingly, withdrawal of the rejection and allowance of claims 7-8, 28, 37, 49, 58, and 62 are respectfully requested.

IV. Conclusion

All rejections having been addressed, Applicant submits that each of pending claims 1-72 in the present application is in immediate condition for allowance. An early indication of the same would be appreciated.

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In the event the Examiner believes that an interview would be helpful in resolving any outstanding issues in this case, the Undersigned Attorney is available at the telephone number indicated below.

For any fees that are due, including fees for extensions of time during the pendency of this application, please charge Deposit Account Number 03-3975 from which the Undersigned Attorney is authorized to draw. The Commissioner for Patents is also authorized to credit any over payments to the above-referenced Deposit Account.

Date: March 30, 2009

Respectfully submitted,

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Attachments: Petition for 2-Month Extension of Time